

given a different denomination ('C' and 'D') from the party asset pair ('A' and 'B'). An example of how this situation can be resolved in a specific embodiment is given in the Detailed Description section of this specification (see section describing the 'netting hybrid' illustrated at Figures 2A, B and C). The specified details of the potential transaction will typically include at least the amount of the owned asset which is available for exchanging and the kind of different asset type actually sought, or the amount and kind of the asset required and the kind of asset available for exchange.

Preferably, it is possible to complete the transaction at the mid-point price. Then, a fee can be charged to either the party and/or the counterparty by the system provider. Alternatively, it is also possible to use the 'spread' concept, but with the spread measured from the mid-point.

Examples of possible ways in which spreads can be derived using mid-points include, without limitation: (a) midpoint price plus a uniform percentage spread around the midpoint/mean for each of the parties to a transaction; (b) midpoint price plus a uniform basis point spread around the midpoint/mean for each of the parties to a transaction and (c) a standard spread or series of spreads reduced to either a uniform percentage spread or a uniform basis point spread around a midpoint/mean.

By arranging for trades to use the mid-point price (for example as the actual deal price or as the base for determining a spread) defined by reference to selling and purchase prices determined independently of the buyer and seller, the system can automatically match buyers and sellers in a manner which is both fast, efficient, transparent and fair. Speculation and the taking of trading positions, which are

defining characteristics of conventional computer based systems for buying and selling products such as foreign exchange, are reduced in the present invention. The present invention may also be seen as reducing the possibility of price fixing and other anti-competitive behavior. The user functionality may include any series of operations, the limiting factor of which is the execution by two or more parties at the mid-point price or some variation which uses the mid-point price.

The Internet may comprise some of the network connecting the first and second terminals. The terminals may then operate as clients. The terminals may in any event be any kind of wired or wireless information device, including PCs, cellular telephones, smart phones and communicators.

In one embodiment, it is the sale or transfer of financial property, such as foreign exchange ("FX"), treasury bills, and stocks and shares, which is matched as between buyers and sellers. The term 'financial property' is used in this patent specification to embrace any and all financial products which are traded by financial institutions, and therefore includes, without limitation, derivatives, options, debentures, bonds as well as the foreign exchange, treasury bills, and stocks and shares referred to above.

For foreign exchange, the mid-point may be determined as the mid-point of the Interbank Bid/Offer (B/O) spread at a specific point in time. More specifically, it may be the mid-point of a number of different prices, including, without limitation, (a) the Interbank highest bid, lowest offer, (b) the Interbank most recent traded price, (c) the Interbank highest bid, lowest offer by subset of largest market makers in any particular currency and (d) the highest bid, lowest offer in the most liquid market. A 'bid' price is the price a buyer is willing to pay for an asset or,

alternatively, the price at which a seller is able to liquidate his asset. An 'offer' price is the price a seller is willing to be paid for his asset or, alternatively, the price at which a buyer may purchase an asset. The bid/offer spread is typically the most accepted method of price discovery in a liquid market. In the present invention, the mid-point price is typically calculated against a base currency, generally the US Dollar. Hence, if a party wishes to obtain Japanese Yen (JPY) in exchange for British Sterling, then the mid-point used in the calculation is the product of the midpoint price of USD/JPY and the midpoint price of GBP/USD or, more simply,  $\text{midpt}(\text{USD/JPY}) \times \text{midpt}(\text{GBP/USD}) = \text{midpt}(\text{GBP/JPY})$ . Because virtually all live currency pricing is fundamentally based on USD exchange value, the present system also adopts that approach. USD can be thought of as a 'base' or common asset. The present system can therefore be used to calculate any currency rate either 'directly' against the base currency or 'indirectly' against any other currency via a relationship with the base currency.

In the present invention, the price is typically not negotiable as it is in a dealing system with posted desired rates. This is not to imply that the embodiments of the present invention cannot or will not permit price limits as a user defined function. Parties do, however, typically accept the midpoint of the posted Interbank (or other defined) spread at a specific time as the most desirable position at which to exchange their currency (and, optionally, on which a spread may be positioned) since it affords them the greatest quantity of counter-currency at any given point in time – assuming and to the extent they can be matched. In the event that no match can be found using the present system, either no deal is done or a deal is done along a default Interbank system at the appropriate bid or offer point.